

Story of 'Big Three' of U. S. Steel Tells of Inner Corporation Workings

From their place of honor on the dignified pine-paneled walls of the board room at 71 Broadway, New York, the portraits of J. P. Morgan, founder, and Judge, Elbert H. Gary, first chair of the board of directors, each month observe the meeting of the board of directors of United States Steel Corporation.

Every Tuesday, in the same quiet surroundings, they see the finance committee of the corporation discuss appropriations, appraise current results, and chart the corporation's future financial course.

If the founder and first chairman themselves were present at these meetings they would find much that is new and unfamiliar in these surroundings and in the meetings. The large board table, the chairs with their carved backs bearing the scrollwork initials of the early subsidiaries, date back forty-odd years. But the pine panelling, the softer lighting, air conditioning and concealed, well-equipped motion picture projection room, all have been installed in more recent times. More important, the type of organization under which United States Steel is doing its unprecedented wartime production job is a streamlined departure from the corporation as these early officials knew it.

The Management Subsidary
Something new has been added too in the way of top-side meetings of the corporation. For in Pittsburgh there is another board room in the offices of United States Steel Corporation of Delaware. No portraits in oil adorn its walls. Rather, the directors of the Delaware Corporation, the management subsidiary of United States Steel Corporation, are surrounded by photographs of operations in all parts of the country. Here, in the industrial atmosphere of Pittsburgh's famed golden triangle, the operating decisions affecting Big Steel's vast facilities, capable of producing about 33 million tons of steel ingots each year, are made.

Presiding at the monthly directors' meeting is Irving S. Olds, chairman of the board of directors of the Corporation since June, 1940. When the finance committee gathers each week, Enders M. Voorhees, chairman of the committee since April, 1938, presides. When the executive committee or board of directors of United States Steel Corporation of Delaware sits down in the Pittsburgh board room, Benjamin F. Fairless, president of the parent corporation and the Delaware Corporation since January, 1938, takes his place at the head of the table.

The system of integrated responsibility under which the top-side officials of United States Steel function has its roots in the historic structure of its corporate management. It is not, however, so much a product of evolution and gradual development as it is a basic change to meet changing times. To trace its inception, it is necessary to go back to United States Steel's annual meeting of 1938. Readers of financial pages are well aware that the annual meeting of United States Steel Corporation is unique among corporate events. Annually in May officers and directors of the corporation take the ferry or tube from the downtown financial center of New York to Hoboken. There in a moderate sized room in an old waterfront office building the meeting is held. Traditional is the free lunch of sandwiches, pie and coffee served to stockholders.

Taylor's Historic Report
In this meeting room many historic reports on steel corporation operations have been made during the past 44 years. But none was more dramatic than the morning of May, 1938, when Myron C. Taylor, who had been chairman of the board of directors from June, 1932 to 1938, announced his retirement as an executive of the corporation which he had headed during the depression years. Mr. Taylor opened his remarks that morning with these words:

"As I have often said during the ten years that I have been an executive of the corporation, I entered its service out of a sense of duty to perform a definite task. The task was to undertake a readjustment of its basic organization and of its plants, its facilities and its personnel, so that it might continue in the future to justify the splendid history of its past. . . ."

"We have undertaken to reorganize and define the corporation's finances, plants, equipment, personnel and future policies. My part of this is done or is provided for in the plans now completed or well under way. And so I feel that it is desirable for me to retire and place upon the shoulders of the large number of fine executives whom we have brought forward in the corporation the full responsibility for carrying on."

The shoulders upon which the responsibility was placed were those of the chairman of the board, chairman of the finance committee and president. At that time this triumvirate was composed of Edward W. Stettinius, Jr., Enders M. Voorhees and Benjamin F. Fairless. Two years later, Irving S. Olds was elected chairman of the board of directors the latter was called to Washington to serve in the defense program.

In the years since 1938, this executive team has been called upon to meet the acid test of steel's gigantic contributions to war production and the tremendous policy and financial problems entailed in operations under a wartime economy.

Up-From-the-Ranks Fairless
Upon Benjamin F. Fairless, president and chief administrative officer, has fallen the production and sales responsibility. Mr. Fairless, who joined the United States Steel family in 1935 as president of Carnegie-Illinois Steel Corporation, is an up-from-the-ranks executive in the rugged tradition of the steel industry. The son of a coal miner, he was born at Pigeon Run, Ohio, on May 3, 1890. He was one of four children. Lacking school facilities at Pigeon Run, his parents, Mr. and Mrs. David D. Williams, sent him at the age of 5 to the home of his uncle and aunt, Mr. and Mrs. Jacob Fairless of Justus, Ohio. Later on he was legally adopted by them.

After completing school at Justus, Mr. Fairless taught school for two years at Rockville and Nayarre, Ohio, saving the money earned therefrom to enroll in Wooster College. He transferred later to Ohio Northern University, from which he graduated with a degree in civil engineering in 1913.

Steel might have lost his services to sports, for he had compiled an enviable record on the sandlots and college diamonds of Ohio. However, upon graduation he chose business as his career and began in June, 1913, as a civil engineer for the Wheeling and Lake Erie Railroad. Two months later he became a civil engineer for the Central Steel Company of Massillon, Ohio. In rapid order he rose through several positions to vice president in charge of operations. When the United Alloy Steel Corporation and Central merged in September, 1920, Mr. Fairless was appointed vice president and general manager of United Alloy Steel. He was president and general manager when in 1926 his company was included in the formation of Republic Steel Corporation. He went into the new organization as executive vice president.

Mr. Fairless is a poised, mentally alert maker of steel, with a passion for the making of men through proper organization. His formula for success, modified to suit conditions as he finds them, is in his selection of men to whom to delegate authority.

Voorhees Handles Finances
Guiding the financial destinies of the corporation is Enders M. Voorhees, chairman of the finance committee. To him goes much of the credit for United States Steel's pioneering in the field of simplified accounting methods and "streamlined annual reports." His public addresses on the simplified annual report and other financial subjects have become classics in their field.

Born in Amsterdam, N. Y., April 28, 1891, he attended high school there and secured his college education at Dartmouth, from which he graduated in 1914. He began his business career with the firm of J. H. Sawyer and Company of Boston, later going to Manilla, P. I., with the Pacific Commercial Company, an exporting and importing firm. After three years with the United States Rubber Company, he entered industrial engineering work for William A. Harriman and Company and Sanders and Porter.

Mr. Voorhees joined Johns-Manville Corporation in 1927. In the more than nine years that he was associated with this corporation he was successively general auditor, treasurer, secretary, vice president and director. His work with Johns-Manville and in other industrial organizations gave him a broad experience in industrial management and organization problems. He is at present a member of the executive committee of Johns-Manville, having been elected to that post on October 21, 1940.

In January, 1937, Mr. Voorhees was appointed vice chairman of the finance committee of United States Steel, and was elected a member of the board for the term expiring in 1938. He assumed this new post April 5, 1938. Mr. Voorhees was elected chairman of the finance committee.

Olds Has General Oversight
United States Steel Corporation's by-laws provide that the chairman of the board of directors shall exercise a general oversight of the conduct of the business and affairs of the corporation. It is his responsibility to see that all orders and resolutions of the board are carried into effect by the proper officers. In connection with these policy duties, the chairman has general charge and supervision of the public relations of the corporation. Ideally suited to the policy and public relations responsibility is Irving S. Olds, chairman of the board.

Born in Erie, Pa., January 22, 1887, he graduated from Erie High school in 1903; from Yale College with B. A. in 1907, and Harvard Law school with L. B. in 1910. He was admitted to the bar in Pennsylvania in 1910 and in New York in 1912. His record at Harvard gained him the opportunity of serving as secretary to the "Yankee from Olympus," Justice Oliver Wendell Holmes, in 1910-1911. He became connected with White and Case, the well-known New York legal firm, in August 1911, and was admitted as a partner January 1, 1917.

The problems of industry in meeting wartime requirements were not new to Mr. Olds. In 1915-1917, he was counsel for the export department of J. P. Morgan and Company, relative to war purchases in the United States by British and French governments. During 1917-1919 he served as counsel for the purchasing department of the British war mission to the United States, and during part of 1918 was a special assistant in the United States War Department.

Just as his World War I experience was particularly applicable to U. S. Steel's wartime tasks, Mr. Olds's legal career has fitted him for the post he now occupies. For many years, as a member of White and Case, he has specialized in legal work related to matters of organization and administration of corporate business enterprises. This broad general knowledge and experience is bulwarked by a keen understanding of the corporate structure of U. S. Steel and economic problems of the steel industry.

Becoming a member of the board of directors and finance committee in 1936, Mr. Olds was two years later appointed special counsel for the corporation to direct economic studies of the corporation and the industry in connection with the TNRC's objective inquiry into the functioning of American commerce and industry. Steel's presentation before TNRC was widely praised for its complete information, accuracy and objective presentation of statistical data.

This important and arduous job was nearing completion on June 4, 1940, when Mr. Olds was elected chairman of the board.

Olds' Basic Philosophy
In his approach to his public relations duties, Mr. Olds has hewed to the line of his basic philosophy of corporate management.

In his opinion, a corporation's standing with its neighbors is dependent upon its contributions to the well-being and social progress of the community. Stemming from this premise, the public relations emphasis in United States Steel has been on basic policy with purely publicity activities subordinated. Since becoming chairman of the board of directors he has strengthened the corporation's public relations organization, which consists of 13 district public relations offices, all responsible to the chairman.

In addition to their regular contacts at formal board and committee meetings, U. S. Steel's top trio put their heads together in many informal conferences. Messrs. Olds and Voorhees maintain their offices in New York. Mr. Fairless has offices in both Pittsburgh and New York and divides his time between the two cities. He gets around a good deal to other operating districts. A natural salesman, he's at his best when seeing customers from coast to coast. When Mr. Fairless is in Pittsburgh or one of the operating centers, the long distance line runs with their conversations leading up to important decisions.

While none of the three has ever been a seeker of the lime

light, Olds, Fairless and Voorhees have been making more frequent public appearances of late before business and civic groups. In their addresses they have been helping to put on record United States Steel's operating, financial and social thinking. Here, too, the subject matter of their speeches usually falls into the clearly defined lines of their respective responsibilities. Mr. Voorhees has discussed taxes and fiscal policies; Mr. Fairless usually deals with operating, marketing and labor policies, and Mr. Olds has painted the broad picture of United States Steel's place in the national economy and its relationship to the public government and labor.

Mr. Olds recently defined the basis of a postwar plan as being "a sound organization with capable personnel, able to manufacture the best possible product and merchandise at a competitive price." Today all three of United States Steel's top officers are devoting their energy wholeheartedly to war production problems. Each of them, however, operating in his own clearly defined sphere of activity and working with the others as a member of an executive team, is striving constantly to improve both the physical facilities of the corporation and its personnel.

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